

# ***CITY COUNCIL***

## ***Finance, Audit & Budget Committee***

**Monday, August 20, 2012**

**5:00 pm**

**City Council Office**

The Budget and Finance Committee's responsibilities include Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, Review of Budget & Financial Reports, oversight of the City's external auditing, internal controls and any other financial or business practices, and reviewing the work of the City Auditor.

**Committee Members:** Donna Reed (Chair), Randy Corcoran (Vice-Chair) and Dennis Sterner

*Although Council committee meetings are open to the public, public comment is not permitted at Council Committee meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.*

*All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 27-2012*

### **I. Review CSC and IT Monthly Report**

### **II. Downtown Parking Plan – *update from Mayor's Staff***

### **III. Review of Contracts Awarded since January 2012 without the Procurement Process**

1. Contracts to Fleck Consulting (political policy and media)
2. Contracts to Scott Hoh
3. Other contracts awarded without the procurement process since March 1, 2012
4. Discussion on Single Source providers and purchasing

#### **IV. Legislative Review**

- **Ordinance** – amending the 2012 General Fund Budget, reallocating funds from the Contingency Fund to the Council Office Codified Ordinance line item **(Council Staff)**
- **Ordinance** – amending the 2012 City of Reading General Fund Budget by authorizing the transfer of funds from the Department of Fire and Rescue Services, Emergency Medical Services Division, Vehicles Line Item and the Department of Fire and Rescue Services, Training Division, Vehicles Line Item to the Department of Fire and Rescue Services, Administrative Division, Vehicles Line Item to cover the cost to purchase a staff vehicle **(Fire)**
- **Ordinance** - amending the Administrative Code, Budget Organization and Content Section by authorizing the Managing Director to temporarily exceed the Position Ordinance under certain conditions **(Man Dir & Council Staff)**

#### **V. Budget Review**

- Review Expenditures/Revenues
- Review Transfers

#### **VI. Review Finance Reports**

- Income Statement
- Cash Flow Projection
- Review Bank Statement Activity

#### **VII. Update from City Auditor re 2011 Audits**

- WWTP Capital expenses (1/1/2008-6/30/2011)
- Compliance-transfers
- **Completion of 2011 External Audit**
- **Audit re Disposition of Fine Arts Money and ability of Penn Corridor to disperse these funds**
- **Update on the status of all capital projects currently underway**

#### **VIII. Update - Collection Report for Delinquent Taxes and Misc Fines & Fees (RE01) – RFP to identify new collections firm opened 3-13-12**

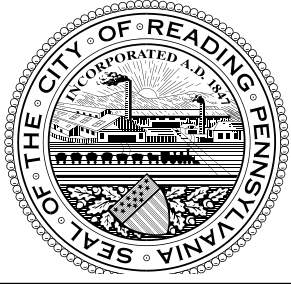
#### **IX. CD Report – Spent vs. Unspent CDBG Funds**

- a. Update HUD Audit**
- b. Un-programmed CDBG Funds**
- c. UDAG Fund**
  - **2009 Balance Sheet/Income Statement**
- d. 2010-11 Balance Sheet/Income Statement and quarterly report for 2010-11 showing revenues and expenditures**

## **X. Presentation of CDBG Action Plan**

### **FOLLOW UP ISSUES**

1. Estimate for new pavement on Court St train bridge
2. Recommendation for Collector for Delinquent BPL and other fee/tax collection
3. Waiting to receive Administration's recommendation re the QoL program



# *CITY COUNCIL*

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## ***Finance, Audit & Budget Committee***

### **Meeting Report Monday, July 17, 2012**

**Committee Members Attending:** D. Reed, Chair, R. Corcoran, Vice Chair, D. Sterner

**Others Attending:** L. Kelleher, H. Tangredi, D. Cituk, C. Zane, F. Acosta, C. Younger

Ms. Reed, Chair, called the meeting to order at approximately 5:30 pm.

#### **CSC and IT Report**

Mr. Tangredi highlighted the IT Report and updated the Committee on the design of the new website which is scheduled to go live around Labor Day. He explained that the site will have a modular design and is being completed in-house. He stated that the design is similar to that used by the White House and the City of Philadelphia.

#### **Downtown Parking Meeting**

Ms. Reed explained that she was asked by the DID Board to arrange a meeting to discuss the concerns downtown merchants have regarding customer parking at downtown lots and garages. Originally the Mayor's staff was asked to arrange this meeting and then did not follow up with the Parking Authority or DID. She stated that she had the City Clerk invite the Mayor's Staff, the CD Director and representatives from DID and the Parking Authority to a meeting held in the Penn Room. No one from the Administration attended and meeting minutes were provided by the City Clerk to all parties. Merchants met separately with DID and the Parking Authority to draft options that would ease parking for downtown customers and restore some semblance of the Old "Park and Shop" program. They then asked Ms. Reed to arrange a follow up meeting with the original parties. When the City Clerk emailed the original group, including the Administration, the Mayor's staff instructed the CD Director and the Parking Authority and DID Boards not to attend.

Ms. Reed stated that DID provided a draft of the recommendation which would require the Parking Authority to install a token system, similar to that in place at the parking garage, at surface lots. Ms. Kelleher stated that she spoke with Larry Lee from the Parking Authority, who said that the installation of token systems would cost approximately \$250K. He stated that as the surface lots are in close proximity to the garages that already have the token systems; he would recommend that the Parking Authority Board approve a counter offer which would offer a token system in the garages which are already outfitted with the equipment. Ms. Reed stated that she will follow up with DID and the Parking Authority.

Mr. Cituk inquired about the merchants parking permits for the merchants in the 000 and 100 blocks of North 9<sup>th</sup> Street.

Mr. Sterner stated that the Parking Authority ended that program as it was never authorized by ordinance. Ms. Kelleher reminded the Committee that there was little interest in re-exploring this issue when it was discussed last time. She reminded the group that the meters are installed in commercial areas to encourage turnover and the permit process steps away from that application. She noted that if the program is created it will be open to any area with meters. She stated that of the 44 merchants in this area only 17 complained that the program was discontinued. She noted the need to address meter parking globally, rather than on a block by block basis.

### **Contracts Awarded without Procurement Process**

Mr. Cituk provided handouts showing the amounts paid to the following:

	<b>Contract Value</b>	<b>Amount Paid</b>	<b>Unencumbered</b>
<b>Balance</b>			
Scott Hoh	\$24,500	\$22,100	\$2,400
Fleck Consulting	\$24,000	\$20,000	\$4,000
Fleck Consulting Media	\$24,000	\$20,000	\$4,000

Mr. Cituk inquired if the contracts would be extended or re-negotiated. Mr. Younger stated that the Charter and Administrative code specifically prohibit repeat contracts for services to avoid the cap requiring Council approval. He stated that this law cannot be evaded.

Ms. Snyder arrived at this time.

Mr. Corcoran recalled that Ms. Butler was asked to review the Charter and Administrative Code regarding sole source providers and avoiding the RFP process.

Ms. Reed inquired about the Committee's willingness to revisit reducing the approval amount to \$10,000 from \$25,000. Ms. Kelleher stated that the last time this issue was put up for a vote; the ordinance was not enacted due to a tie vote. She noted the need to have five Councilors in favor, as the Mayor would be prone to veto this ordinance.

Ms. Snyder noted that this is a multi-faceted situation with a complex approval system, with approval signatures required from multiple parties. She asked the Committee to allow her time to evaluate this process before making a reduction in the approval amount.

Ms. Snyder stated that she is currently reviewing these contracts and the services provided. She stated that she is unsure that these services are providing value to the City's operations and about continuing to pay for services without seeking the best qualified candidates to provide the services. She stated that Mr. Hoh asked her to extend his ICC contract. She stated that she told Mr. Hoh that she would not extend his contract without Council approval.

Mr. Corcoran expressed the belief that he is much more comfortable now that Ms. Snyder is in place, as the Mayor can now stop being the self appointed Managing Director.

### **Ordinance Review**

There was no legislation to review.

### **Budget Review**

Mr. Zale called the Committee's attention to the documents attached to the agenda. He noted that the recent MOU with RAWA will lower the sewer meter reading cost from \$20K to \$6K.

He inquired if Council must approve transfers that are approved in the budget. After discussion, Ms. Snyder suggested enacting a blanket ordinance annually that authorizes transfers within the enacted budget.

Mr. Zale stated that after six months:

- Expenditures total \$36,813,059
- Revenues total \$38,900,635

The Public Works/Public Safety Committee joined the meeting at this time.

Mr. Zale stated that year end predictions for cash are \$7,267,138. However, he explained that an estimated \$2.5M shortfall is projected due to the unbudgeted unfunded debt

payment, the booking of the Greater Berks Development payment in 2011, rather than 2012 and police and fire overtime. He also stated that at the end of June the City has \$19M in the bank.

There was a discussion on hiring police and fire personnel to reduce overtime and the need to have a police presence in the high school and Citadel, as the authority and powers of security guards is severely limited. Ms. Snyder noted the need for departments to actively manage overtime expenses, as programs and departments with sufficient manpower sometimes feel the need to do more, which can lead to increased overtime.

Mr. Acosta noted that the Reading School District will not be funding police officers for the Citadel and High School, which will result in a revenue reduction of \$200-400K. Ms. Snyder stated that she will follow up on this issue.

Ms. Snyder stated that of the 160 officers currently on the street, 18 are in the Field Training program. She stated that a new Police academy class starts June 23<sup>rd</sup> and 12 trainees will be offered conditional offers of employment.

#### **Auditor's Report on Internal Audits**

Mr. Cituk stated that the external auditor is still waiting for information from RAWA. He noted the need to schedule meetings with Council to review the audit. Ms. Kelleher reminded Mr. Cituk that before the external auditor meets with Council, they should first meet with the new Audit Committee.

Ms. Reed and Mr. Cituk agreed to meet to discuss the audit of the Fine Arts area.

#### **Update - Collection Report for Delinquent Taxes and Misc Fines & Fees (RE01) – RFP to identify new collections firm opened 3-13-12**

Ms. Kelleher stated that at the Act 47 Implementation meeting, Mr. Lloyd stated that ARB was going to be recommended. She cautioned Council and the Administration to check to see who ARB's legal partner is before approving the contact. She stated that currently Mr. Setley's law firm provides legal support to RAWA's collections; however, it is unknown if the collection agreement is with RAWA or ARB. She noted the need for a good legal partner for successful collections.

#### **CD Report**

Ms. Snyder stated that she is currently reviewing the process used to monitor CDBG projects.

Mr. Sterner inquired about the delay in the Centre Park CDBG funded project. Ms. Kelleher stated that the project is delayed because the adjoining property owner refuses

to give Centre Park access so they can make the required repairs to the exterior wall.

**Other Business**

Ms. Kelleher was asked to invite RAWA and the School Board for meetings next week about customer service and school safety respectively.

As no other business was brought to the table the meeting adjourned at approximately 7:02 pm.

*Respectfully submitted by Linda A. Kelleher CMC, City Clerk*

**BILL NO. \_\_\_\_-2012**  
**AN ORDINANCE AMENDING THE 2012 GENERAL FUND BUDGET,**  
**REALLOCATING FUNDS FROM THE CONTINGENCY FUND TO THE**  
**COUNCIL OFFICE CODIFIED ORDINANCE LINE ITEM**

**Whereas the Council of the City of Reading hereby ordains as follows:**

**Section 1.** Authorizing the amendment of the 2012 Budget by transferring \$10,000 from the Contingency Fund to the Council Office Budget Codified Ordinance line item 01 02 09 4205 to cover the additional cost associated with the re-codification of the City's ordinances.

**Section 2.** This ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Adopted by Council \_\_\_\_\_, 2012

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_



# AGENDA MEMO

## FIRE DEPARTMENT

**TO:** City Council  
**FROM:** Chief David W Hollinger  
**PREPARED BY:** Chief David W Hollinger  
**MEETING DATE:** August 13, 2012  
**AGENDA MEMO DATE:** August 8, 2012  
**REQUESTED ACTION:** Authorize the Transfer of Funds

### **RECOMMENDATION**

The Fire Chief requests the following transfer of funds within Divisions of the Department of Fire and Rescue Services:

- From the respective Vehicle Line Items of the EMS (\$27,500.00) and Training (\$11,250.00) Divisions, a total of \$38,750.00 to the Vehicle Line Item of the Administration Division. See Budget Action Reports included for referral.

### **BACKGROUND**

Early in 2012, an additional Inspector in the Fire Marshal's Office (Fire Prevention) was added to assist in the investigation of fire incidents and to ease the workload of inspections to properties. A spare Department Staff Vehicle, utilized mainly while other staff vehicles were being serviced, was assigned to the Inspector to perform his duties and to respond to emergencies. An additional vehicle was then ordered from KME Ford with the intention that funds budgeted annually would cover payments for a period of four years. This new vehicle would also continue the planned rotation of providing dependable staff vehicles to the department; the aforementioned 'spare vehicle' is more than 15 years old. Difficulty in securing financing through an outside source has caused the necessity of this recommendation.

### **BUDGETARY IMPACT**

None, aside from the transfers during this budget period. Savings overall by eliminating interest fees.

### **PREVIOUS ACTIONS**

None

### **SUBSEQUENT ACTION**

Council to take action to approve an ordinance to authorize the transfer of funds

### **RECOMMENDED BY**

The Fire Chief recommends approval.

**RECOMMENDED MOTION**

Approve/deny the resolution authorizing the transfer of funds as listed.

BILL No. \_\_\_\_\_ - 2012  
AN ORDINANCE

**AN ORDINANCE AMENDING THE 2012 CITY OF READING GENERAL FUND BUDGET BY AUTHORIZING THE TRANSFER OF FUNDS FROM THE DEPARTMENT OF FIRE AND RESCUE SERVICES, EMERGENCY MEDICAL SERVICES DIVISION, VEHICLES LINE ITEM AND THE DEPARTMENT OF FIRE AND RESCUE SERVICES, TRAINING DIVISION, VEHICLES LINE ITEM TO THE DEPARTMENT OF FIRE AND RESCUE SERVICES, ADMINISTRATION DIVISION, VEHICLES LINE ITEM TO COVER THE COST TO PURCHASE A STAFF VEHICLE.**

Section 1. Amending the City of Reading 2012 Department of Fire and Rescue Services Budget by authorizing the transfer of a total of \$27,500.00 in the Vehicles line item #01-09-35-4803 and a total of \$11,250.00 in the Vehicles line item #01-09-40-4803 to the Vehicles line item #01-09-32-4803.

Section 2. This Ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: \_\_\_\_\_, 2012

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

(Fire)

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

**BILL NO. \_\_\_\_\_ - 2012**  
**AN ORDINANCE**

**AMENDING CHAPTER 1, ADMINISTRATION, OF THE CODIFIED ORDINANCES  
OF THE CITY OF READING, §1-186. FISCAL PROVISIONS  
PART 9 ANNUAL BUDGET, SECTION C BUDGET ORGANIZATION AND  
CONTENT SECTION - 2.d. REGARDING THE POSITION ORDINANCE**

**THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** Amending Chapter 1, Administration, Of the Codified Ordinances Of The City Of Reading, §1-186. Fiscal Provisions Part 9, Section C Budget Organization and Content - 2.d. regarding the Position Ordinance is hereby amended as attached in Exhibit A.

**SECTION 2:** All relevant ordinances, regulations and policies of the City of Reading, Pennsylvania not amended per the attached shall remain in full force and effect.

**SECTION 3:** If any section, subsection, sentence or clause of this ordinance is held for any reason to be invalid such decision shall not affect the validity of the remaining portions of the Ordinance.

**SECTION 4:** This Ordinance shall become effective in ten (10) days after passage.

Enacted \_\_\_\_\_, 2012

\_\_\_\_\_  
Council President

Attest:

\_\_\_\_\_  
City Clerk

(Council Staff & Managing Director)

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT A

### CHAPTER 1 - Administration

#### §1-186. Fiscal Provisions.

##### 9. Annual Budget.

##### C. Budget Organization and Content.

###### (1) Section 904. Budget.

*The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year in accordance with all generally accepted accounting principles and, except as required by this Charter, shall be in such form as the Mayor deems desirable or the Council may require. In organizing the budget, the Mayor shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity, and object. The budget shall contain, among other things, the following:*

*A. It shall begin with a general summary of its contents.*

*B. It shall show in detail all estimated income, indicating the existing and proposed tax levies, as well as other assessments, fees and charges.*

*C. It shall show all proposed expenditures, including debt service, for the ensuing fiscal year.*

*D. It shall show the number of proposed employees in every job classification and the proposed salaries of all exempt employees beginning in 2009. [Ord. 3-2009]*

*E. It shall be so arranged as to show comparative figures for actual and estimated income and expenditures for the current fiscal year and actual income and expenditures of the preceding 4 fiscal years.*

*F. It shall indicate proposed expenditures during the ensuing fiscal year, detailed by offices, departments and agencies, in terms of their respective work programs and the methods of financing such expenditures.*

*G. It shall indicate proposed capital expenditures during the ensuing fiscal year, detailed by office, departments and agencies when practicable, and the proposed method of financing each such capital expenditure. The Mayor will include this separate capital program section in the annual Budget and submit to Council with appropriate supporting information as to the necessity for such programs.*

*H. It shall indicate anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition; subsidiary budgets for each such utility*

*giving detailed income and expenditure information shall be attached as appendices to the budget.*

*The total of proposed expenditures shall not exceed the total of estimated income.*

(2) The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year in accordance with all generally accepted accounting principles and, except as required by the Charter, shall be in such form as the Mayor deems desirable or the Council may require. (Refer to comment on §901.46) In organizing the budget, the Mayor shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity and object. The budget shall contain, among other things, the following:

(a) It shall begin with a general summary of its contents.

(b) It shall show in detail all estimated income, indicating the existing and proposed tax levies, as well as other assessments, fees, and charges.

(c) It shall show all proposed expenditures, including debt service, for the ensuing fiscal year.

(d) It shall include the position ordinance, defined in §1-122, which shows the number of all proposed employees in every job classification, as defined in §1-221, highlighting changes and the proposed salaries of all exempt employees beginning in 2009 (plain italic language required by Bill No. 3-2009 enacted January 26, 2009, and approved by the Mayor January 27, 2009). [Ord. 60-2009]

**1. In some cases, however, prudent succession management may call for temporarily exceeding the position allowance in a particular department. Some examples are:**

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**a. When there is a known planned retirement of an individual in a highly technical position, smooth operations would call for an extended period of knowledge transfer that would require hiring the replacement individual prior to the retirement.**

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**b. In the case of extended apprenticeships or training periods, such as police, it would make sense to consider the historic rate of attrition when determining the ideal class size. This would provide a more consistent number of trained staff vs. the current system which can produce peaks and valleys.**

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**Therefore, in order to manage the operations of the City more effectively, City Council may, by ordinance, authorize the Managing Director to exceed the position ordinance for any department with the following conditions:**

- a. No departmental position ordinance will be exceeded for a period of time greater than 6 months.**
- b. The temporary addition of employees will not cause the total wages of the City to exceed budgeted levels.**
- c. The Managing Director will report to Council on all planned hires which will exceed any position ordinance and will report on the status of all such hires on a regular basis.**
- d. At no time will the total number of City employees exceed the total number of employees authorized under position ordinances by more than 10 employees.**

(e) It shall be so arranged as to show comparative figures for actual and estimated income and expenditures for the current fiscal year and actual income and expenditures of the preceding 4 fiscal years.

(f) It shall indicate proposed expenditures during the ensuing fiscal year, detailed by offices, departments, and agencies, in terms of their respective work programs, and the methods of financing such expenditures.

(g) It shall indicate proposed capital expenditures during the ensuing fiscal year, detailed by office, departments and agencies when practical, and the proposed method of financing each such capital expenditure. The Mayor shall include this separate capital program section in the annual budget and submit it to Council with appropriate supporting information as to the necessity for such programs.

(h) It shall indicate anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition; subsidiary budgets for each such utility giving detailed income and expenditure information shall be attached as appendices to the budget.

The total of proposed expenditures shall not exceed the total of estimated income. The estimated income shall mean the total of estimated revenue plus the prior fiscal year's fund balance. If a deficit exists, a plan to eliminate that deficit must be included in the budget.



CITY OF READING,  
PENNSYLVANIA

M E M O R A N D U M

**TO:** City Council, David Cituk  
**FROM:** Christian F. Zale, City Controller  
**DATE:** July 26 , 2012  
**SUBJECT:** Schedule of Transfers – July 2012

The following transfers occurred in July 2012 as specified in the 2012 council approved budget:

To General Fund (01):

**Indirect Cost:** CD (32) \$15,833.33; Sewer (54) \$86,063.33; Recycling (56) \$11,195.00; Water (50) 56,503.33

**Transfers:** Sewer (54) \$250,000.00; Recycling (56) \$16,666.67; Water (50) \$368,333.33

**Water RAWA Act 47:** \$125,000.00

**Meter Surcharges:** Water (50) \$141,666.00

To Water Fund (50):

Meter Reading Cost: Sewer (54) \$20,833.33 (**Will change to \$6,833.33 in August based on MOU.**)

RAWA Lease Agreement: From RAWA \$1,100,000.00 (**Will change to \$1,148,017 in August based on MOU.**)

To Self Insurance (52):

Sewer (54) \$75,416.67; Water (50) \$72,386.25; General (01) \$140,641.08

**Corrections:**

None

**Additional Transfers:**

As approved by council, \$1,500,000 has been transferred from the General Fund (01) to the Trash/Recycle Fund (56).



**Future Transfers:**

**See above noted changes associated with the MOU with RAWA.**

These transfers are reflected in June trial balance. Also, the related cash has been transferred among the various funds; thus, no impact in the DT/DF accounts. (Except for \$1,500,000 above transfer between General Fund and Trash/Recycle) This activity has been confirmed by the City Auditor.